GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

STARRED QUESTION NO:547
ANSWERED ON:30.08.2001
MULTI-FIBRE AGREEMENT ON TEXTILES
RAM TAHAL CHOUDHARY

Will the Minister of TEXTILES be pleased to state:

(a) whether the Government have undertaken any evaluation of the likely competitiveness of Indian textiles after the Multi-fibre Agreement comes to an end in 2005; and

(b) if so, the details thereof and the steps being taken to ensure that India`s share of world trade in textiles increase significantly after the MFA comes to an end ?

Answer

MINISTER FOR TEXTILES (SHRI KASHIRAM RANA)

(a) & (b): A Statement is laid on the Table of the House.

Statement referred to in reply to Parts (a) & (b) of Lok Sabha Starred Question No.547 for answer on 30.8.2001.

(a) & (b): Yes, Sir. There have been a few studies to analyse the impact of post-quota regime on our textile and clothing exports. These studies have emphasized the need for modernization and technological upgradation, human resource development, strategic alliances and Foreign Direct Investments so that the industry is enabled to successfully meet the competitive environment of post-quota regime.

The Government has taken stock of the new challenges and opportunities presented by changing global environment, and have announced the National Textile Policy - 2000 (NTxP-2000). The new policy provides an enabling environment to make the domestic textile industry strong enough to face growing global competition, and thereby, achieve an export target of US$ 50 billion by the year 2010. Dereservation of the woven segment of readymade garment sector will allow the industry to achieve desired economies of scale. In order to implement the vision of the NTxP-2000, a `Textile Package` was announced in the Budget 2001-02 to encourage investment in the textile sector. Some of the important provisions of the `Textile Package` are:-

(i) Customs duty has been reduced from 15% to 5% on 159 specified textile and garment machineries. In addition, 12 important items of machineries including shuttleless looms have also been exempted from additional excise duty. A programme has been announced to induct 50,000 shuttleless looms and to modernise 2.5 lakh powerlooms in the decentralised sector by 2004.

(ii) Assistance under Technology Upgradation Fund Scheme (TUFS) providing for a reimbursement of 5% out of interest, is available to the textile industry for modernisation and upgradation. In addition, rate of depreciation allowance for machinery under TUFS has been raised to 50%.

(iii) A provision of Rs.10 crores has been earmarked in the Budget 2001-02 for the establishment of Apparel Parks for production and export of garments. Besides a provision of Rs.15 crores has been made for the Scheme for improvement of critical infrastructure facilities at major textile production centres.

In addition, a Technology Mission on Cotton (TMC) with an outlay of about Rs.600 crores has been launched by the Government to improve the productivity and quality of cotton required by the textile industry.